TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD MEETING

10:07 a.m. Friday, August 19, 2011

Room 320
Thomas J. Rusk Building
208 East 10th Street
Austin, Texas 78701

BOARD MEMBERS:

Victor Vandergriff, Chair Cheryl E. Johnson, Vice Chair Blake Ingram Victor Rodriguez Marvin Rush Laura Ryan Johnny Walker

STAFF MEMBERS:

Ed Serna, Executive Director Brett Bray, General Counsel

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1 PROCEEDINGS MR. VANDERGRIFF: I want to call today's 2 3 special meeting of the Board of the Texas Department of Motor Vehicles to order. 4 The first item of business is a roll call to 5 6 establish a quorum. 7 Board Member Rush? MR. RUSH: Here. 8 9 MR. VANDERGRIFF: Board Member Ryan? 10 MS. RYAN: Here. MR. VANDERGRIFF: Board Member Rodriguez? 11 MR. RODRIGUEZ: Present. 12 MR. VANDERGRIFF: Vice Chair Johnson? 13 MS. JOHNSON: Present. 14 15 MR. VANDERGRIFF: And I, the chair, am here as 16 well. We do have a quorum. The reason I did call you first is because the first two I looked to are not here. 17 I will ask when Board Members Ingram and Walker get into 18 19 the room that we do note that they are here, but we have 20 all members of the board present. With that, I will ask if there's any member of 21 22 the public here that wishes to comment on any item or our agenda or any item of interest to them. 2.3

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MR. VANDERGRIFF: I do not believe so.

(No response.)

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With that, we'll go to a briefing regarding our 2012 MOU that's between TxDOT and the Department of Motor Vehicles.

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MR. SERNA: Good morning, Mr. Chairman and board members. For the record, my name is Ed Serna and I'm the executive director of the Texas Department of Motor Vehicles.

MR. VANDERGRIFF: And I'm going to stop and let the record reflect that at approximately eight after that Board Member Ingram joined us.

MR. INGRAM: Sorry. Johnny Walker is outside and I got stopped.

(General talking and laughter.)

MR. SERNA: At the last board meeting we presented the issue that we were working with TxDOT to finalize our 2012 memorandum of understanding for general support for the department. I think the board wanted some additional information concerning our efforts and what the issues were between the two organizations, so we're providing that additional information at this meeting. It's our intent to get this MOU executed by the end of the fiscal year which is a week and a couple of days away. We are concerned, like the board expressed the concern, that we are getting down to the wire. We don't like getting this close to the end of a fiscal year before we have to

get this MOU executed any more than the board does, but we have had our challenges getting information from the Department of Transportation and then also negotiating some issues with them, in particular the amount of fees that they want to charge for various services or facilities.

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We started this effort, and one of the questions that I think Member Rodriguez asked was when we had started or it seemed fairly late when we started this process, and we'd actually started this process back in April when we began communications out of our legal office with counterparts at TxDOT.

We sent a draft over, our draft version of the MOU to TxDOT in I believe it was May, our first version of it. We had a little bit of dead air where we didn't hear anything back from them so we contacted them and attempted to find out where they were out. They said they were going through some issues internally. They sent us back their version of the document which has a whole lot of charges that we would naturally want to negotiate and disagree with, two things in particular. One has to do with TxDOT wanting to charge rent on facilities.

MS. VANDERGRIFF: I would note that Board Member Walker has joined us.

MR. SERNA: In particular wanting to charge us

rent for facilities where TxDOT received appropriations for those same facilities, and then second has to do with some of the cost of the utilities where for fiscal years '10 and '11 the information was provided and the money that was transferred to the DMV from TxDOT was for both years less than \$1.3-, \$1.4 million, approximately, \$600plus the first year of '10 and a little bit over \$700 the second year. In 2012 their charges for those same services, that same share of utilities is \$2.2 million. Our CFO has done a little bit of research and this matches the amount that TxDOT has previously allocated to spend on the divisions, these divisions are now the DMV's divisions, in fiscal years '08 and '09. So we're trying to see where the difference is, either not all the funds were transferred that should have been transferred in '10 and '11, or there was a change in methodology and now they're trying to revert back to an older methodology that doesn't apply.

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That's been a relatively difficult sticking point for us because getting the information from TxDOT's financial division is a little challenging. Our CFO is directly engaged with TxDOT's Finance director now and TxDOT's CFO trying to reconcile and get them to our own world. We feel comfortable that we'll get that issue reconciled, probably on the downside to where they

wouldn't be transferring additional funds to us but rather they'll adjust their charges to reflect what those charges were in '10 and '11.

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The other thing that I want to make sure the board notes or is aware of is we have agreements with TxDOT to freely exchange information. The data that we have is useful to them. What we're probably going to be doing in our 2012 MOU is trading that data that they get from our motor vehicle files for additional services. They seem receptive to this idea. It's just a matter of quantifying the value of the data and services that we'll be exchanging.

There are a few other details and you have that handout in your board materials, a few other details that are the specifics of the differences between TxDOT and the DMV and we feel comfortable that we'll be able to reconcile those because they're more -- I don't mean to minimize them but they're more accounting differences, such as TxDOT wanting us to pay everything up front and us wanting to pay as we use the services or pay over a period. It's just cash management for us and for them as well, I'm sure.

I'll be glad to answer any questions that any board members have concerning the MOU as we move forward through the process.

MS. RYAN: Can you summarize what's changed since the last board meeting? I know you went through a lot, but just in like bullet point format, the things that we didn't have laid out that we have now.

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MR. SERNA: I think probably the most significant things that have changed since the last board meeting are we have narrowed the differences through our discussions with TxDOT to probably about five points, business points that are on the handout that you have.

Before we had more points of difference between the TxDOT staff and our staff. And then second, I think we provided in the packet some marked-through versions of the MOU that we're working from which too much of it was still fluid at the last board meeting to provide that and we provided it at this time.

Meetings are underway literally as we speak today. Our finance staff is engaging some of their finance staff to get these issues worked out, so we'll continue to check off these items as we move through time.

MR. INGRAM: The only clarification on point five is that our position is that we are holding TxDOT to the fact that we were only appropriated \$786,000 and that's what we wish to pay for these facilities?

MR. SERNA: It's actually two things. One, we did ask for and we were appropriated that amount for

1	utilities based on the information that we had received
2	from TxDOT. The position is that TxDOT was appropriated,
3	and we verified this with the Legislative Budget Board
4	staff, TxDOT was appropriated funds to support the
5	buildings. Since they were directly appropriated those
6	funds versus the legislature appropriating those funds to
7	us, we feel that they've already received the funding to
8	support the buildings above the amounts that we have been
9	allocated.
10	MR. INGRAM: And our amount allocated was
11	\$786 , 000?
12	MR. SERNA: Yes, sir.
13	MR. WALKER: We were allocated the \$786-?
14	MR. SERNA: Yes, sir.
15	MR. WALKER: But they're not asking us to pay
16	more than that, are they?
17	MR. SERNA: Yes, sir.
18	MR. WALKER: Even though they've already got
19	the allocation?
20	MR. SERNA: Yes, sir.
21	MR. WALKER: We're not going to agree with
22	that, are we?
23	MR. SERNA: We are not.
24	MR. RODRIGUEZ: Mr. Chairman. First of all,
25	just for clarity today, I think the reason we're back to

this line item is because basically at the last meeting 1 you asked us to approve an item that was really poorly supported in terms of information. You asked us to 3 basically approve your coming to terms on the agreement 4 with TxDOT and we really didn't know what we were 5 6 approving. 7 MR. SERNA: Yes, sir. At the last meeting I 8 requested authority to execute the agreement without having it come back to the board. 9 MS. VANDERGRIFF: In consultation with the 10

MS. VANDERGRIFF: In consultation with the chair.

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MR. RODRIGUEZ: Yes, sir. And that's why we're here, to get more information. So my observation is the agenda item is not fully developed for our decision, number one.

And two, my question is this: What happens -and reverting back to the item last time, the basis for
putting the item before us last month was you felt like we
needed to get that done before the end of the fiscal year,
the end of this month. Is that right?

MR. SERNA: Yes, sir.

MR. RODRIGUEZ: So what happens if we don't enter into an agreement within that time frame?

MR. SERNA: TxDOT continues to provide us service as required in statute, we continue to have

discussions with them with regard to the amount that we reimburse them for those services, but the lights don't go off, the computers don't go dark, we're not locked out of the facilities.

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MR. RODRIGUEZ: My point is that there's almost an evergreen in the legislative provision that created all of this, so we really don't have a you must do by August 31, or otherwise kind of backs against the wall for us, do we?

MR. SERNA: No, sir. The short answer to your question is we don't have our backs against the wall other than as an agency I prefer to operate with a memorandum of understanding that's executed between the two agencies that outlines what we're going to do, what they're going do, and what we're going to pay for or not pay for.

MR. RODRIGUEZ: Well, as an agency I think, at least from my sentiment, I would like for us to have the information before we make a decision, number one. Number two, if this is going to be a bus ride, then I'd suggest that we hold to this, whether we meet the August 31 schedule or not, and I'd so move, Mr. Chairman.

MR. SERNA: Yes, sir. Not to interrupt the motion but our intent is to hold to these items. We do not intend to pay for --

MR. RODRIGUEZ: My point is irrespective of

August 31, in other words.

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MR. WALKER: Excuse me, Victor. I can't hear you down here.

MS. VANDERGRIFF: What he's saying is we're not really authorizing any -- the motion is that we're not really authorizing any additional negotiation, it is that if these items are not agreed to in the format in which we have put them down here, then the August 31 date, since it is really not a hard and fast date that the lights go off, the power is shut off, they kick us out of the facilities, that date we can go past, that we don't give these items up.

MR. WALKER: But he just made a motion to do something.

MS. VANDERGRIFF: This is what he made the motion to do, that we hold to these provisions.

MR. INGRAM: So your motion is to approve the MOU providing we hold to these provisions.

MR. RODRIGUEZ: No. I'm just saying that we hold to these requirements in the MOU until such time that we get there. My point is come August 31 they're not going to pull the plug on us, and so therefore, we shouldn't feel pressured to do other than this because of that basically artificial deadline. That's my point.

This is what we want to do, I think we ought to hold to

this, and not do less in a new MOU, and when we get the 1 MOU to that level, then we'll be able to approve it. 3 MS. JOHNSON: So you're not asking to approve this MOU subject to these being approved but that these 4 are the items that we stand on. 5 6 MR. INGRAM: Well, basically it's not a motion at all, we're not approving anything, so the point of 7 order. 8 MR. VANDERGRIFF: Well, correct me if I'm 9 10 wrong, these are the MOU differences, if we hold fast to these, then I would think that the motion would be that 11 Ed, with consultation with the chair, just to make sure 12 13 the board has some contact with it, could execute the MOU before the end of the month. 14 15 MR. INGRAM: I'm okay with that, but that's not 16 what I'm hearing him say. MR. RODRIGUEZ: I'll so modify it. 17 MR. VANDERGRIFF: That's what I thought he was 18 19 trying for. 20 MR. INGRAM: So your motion is to approve the MOU with these conditions. 21 22 MR. RODRIGUEZ: Yes. If these conditions are met, then the MOU can be approved with the authority he 23 24 has.

I agree.

MR. RUSH:

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MR. WALKER: What's the issue on item four, the 1 trading of information. 2 3 MR. SERNA: One of the things that TxDOT will start charging us for will be those reprographics and 4 print shop services. 5 6 MR. WALKER: I thought this says we're just going to trade information free. 7 MR. SERNA: What our position is is we'd rather 8 say you get information from us for nothing right now, 9 10 we've been using the reprographics services for nothing, we'd rather just continue to provide the data to you for 11 nothing and get the reprographics information for nothing, 12 13 so we would just trade. To be quite frank, we believe that we'll come out on the better end of the deal. 14 15 MR. WALKER: That's what we're asking for but 16 what are they asking for, they want us to pay for it? 17 MR. SERNA: Yes, sir. Their position is we want the data for free and we want you to pay for the 18 19 reprographics services. 20 MR. WALKER: I thought we wanted to just evenly 21 swap. MR. SERNA: No. This is our idea. Their idea 22 is keep giving us the data for free and pay us for the 2.3 24 reprographics and copy center. 25 MR. WALKER: Can I ask what a cost invoice is,

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number one?

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2 MR. SERNA: Yes, sir. It's not a cost invoice.
3 They want the cost invoiced within 120 days.

MR. WALKER: It's a typo error.

MR. SERNA: Yes, sir.

MR. VANDERGRIFF: We do have a motion. We don't have a second.

MR. INGRAM: Marvin seconded it.

MR. VANDERGRIFF: Oh, excuse me. I apologize.

We have a second by Board Member Rush. Any further

discussion on it?

MS. JOHNSON: I guess my only question is we're essentially authorizing the ED to move forward with these but it doesn't sound like that's really necessary. Will that strengthen the position, do you think, with TxDOT if we support this motion and say it's going to be this or nothing?

MR. SERNA: Yes, ma'am. Because they don't want to enter the fiscal year with the change in management and everything without having an agreement that says here's what we're going to be getting from the DMV, we're going to be giving to the DMV. Otherwise, from our position right now it's whatever we need they need to continue to provide.

MS. JOHNSON: Okay. Thank you.

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MR. WALKER: What are we putting on the MOU 1 under maximum amount payable? It's a blank. 2 3 MR. SERNA: I think what we're trying to do is -- at the time we came here, before we had the 4 instruction from the board which helps us, it would have 5 6 been whatever we would have negotiated, for example, for 7 the reprographics services. Now we know that we will not 8 provide that data for free without getting the reprographics services for free. Previously that was 9 10 simply a negotiating position for us, that we would have traded some amount. 11 MR. WALKER: I'm confused. 12 13 MR. SERNA: I'm using that as an example. So we would total everything that we're going to pay. 14 15 MR. VANDERGRIFF: This is where he has to come 16 back to me as the representative of the board to just look at it. But unfortunately, you do have a point because 17 even with that there's no number there. 18 19 MR. WALKER: How do you approve a contract without putting in the amount? 20 MR. INGRAM: Well, unless you deal with item 21 four, you can't get a final number. 22 MS. RYAN: If we got everything that you're 2.3 24 asking for on the front, what would that number be? MR. SERNA: I don't know off the top of my 25

head, I'd have to find out. We do know what that number 1 would be, our staff knows what that number would be, I 2 didn't come with that number, but it's pretty close to 3 what we're paying this year. 4 MS. JOHNSON: Is this the right reference to 13 5 6 because 13 is referenced as amendments, this is talking money. I can't approve a blank check, I need to know what 7 8 that figure is. MR. WALKER: Well, we've budgeted something 9 somewhere in our budget, so what is that number? And I'm 10 11 not going to approve a contract with a blank on it either. 12 MR. VANDERGRIFF: I agree. That was my point 13 is that that number should be filled in. MR. RUSH: Well, it's easily gotten, isn't it? 14 15 MR. SERNA: Yes, sir, it is. I just don't have 16 it with me. 17 MR. RUSH: Can you do that before we leave here today? 18 19 MR. SERNA: Yes, sir. MR. RUSH: Okay. That's the answer. 20 MS. JOHNSON: Then I say table until we get 21 22 that number. MR. VANDERGRIFF: Brett, do I need to take a 2.3 24 motion on that or just table it, just pass the item on the agenda? 25

MR. BRAY: You can administratively table it 1 and we'll get the number. 2 MR. VANDERGRIFF: Before the end of the day, so 3 I can just pass the item. 4 MR. BRAY: We'll get the number shortly. 5 6 MR. WALKER: What was the amount we budgeted in the budget? 7 I think we budgeted \$7- or \$8 8 MR. SERNA: million, but the big difference is, this current year and 9 10 last year, we were going through TxDOT for data center services and we're going to be acquiring those services 11 under a separate agreement with DIR. If you look at page 12 13 1 of the agreement which is the flip page, the maximum amount payable would be \$8 million. 14 15 MR. WALKER: Not to exceed. MR. SERNA: Not to exceed. And that was the 16 17 not to exceed for this year as well. So what we really want to do is basically have the same numbers for this 18 19 year unless there were utility rate increases that we would adjust for, and Linda does have that, I just didn't 20 bring that with me, but I can get it before we're done. 21 MR. VANDERGRIFF: Any further discussion before 22 we move to the next item on the agenda? 2.3 24 (No response.) 25 MR. VANDERGRIFF: As soon as you get that

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information, we'll come back to this just to clean it up.

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I did want to note one thing that I failed to say earlier that I think for the record needs to be on there, just official statements, that public notice of this meeting, containing all items on the agenda, was filed with the Office of the Secretary of State on August 11, 2011, so it was officially published.

We are now on 2.B and that's the organizational assessment, and without further ado, I will turn it to Board Member Ryan.

MS. RYAN: I'm going to set it up. We have the Azimuth Group with us to help us facilitate any actions that we want to take care of today. We were provided an overview at the last board meeting and everybody was provided a book with the detailed recommendations. The purpose of today is to cover four kind of key components and we also put an agenda out with hopefully time frames that we'll exceed -- that will be our goal -- so that we stay on task.

One of the things I wanted to set up is one of the things that we're hoping to get out of today is a priority reference. The agency leadership has been able to use the same tool we're going to use to vote on their priorities and put those in priority order. We'd like to do the same with the board and then quickly determine

where our priorities don't match the agency leadership priorities, and then assess which ones should move so that by the time we're done with that piece we basically understand what's important and at the top of the list so that some things can start.

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Board governance was a key aspect on recommendations. We've brought to the table some concepts that we want to framework the strategic plan. Again, the hope that we build a framework on what it should it look like framework-wise and then how would we implement it. And then also leadership, what will we need resource-wise to provide the agency leadership and our leadership with regard to making these things happen.

I will suggest that we try to keep things high level and focused. Today is not going to be where we solve a lot of problems, it won't be where we hang a lot of ornaments on the tree, so to speak, really laying out the structure. We'll have to give each other permission to keep us all on task. Details probably won't get too in the weeds, and I'm going to encourage us not to chase down bunny trails and try to be diligent on those four things, just based on the time.

Our scope is narrow today and the understanding and the thought process is that once we have that framework we would certainly come back to be able to

finish it up and then be able to pass it on to the agency leadership to continue implementing this.

So unless I've missed anything by anybody, I'm going to turn it over to Julie and David and Wendy, if you are going to kind of take and help us look smart.

MR. EISENLOHR: Julie, did you want to say anything?

MS. BEISERT: No.

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MR. EISENLOHR: So as Ms. Ryan mentioned, when we prepared really the first draft of this set of findings and recommendations and reviewed it with the staff, we went through an exercise with them. And when I say staff what I mean is the division directors and Mr. Serna. We went through really an electronic voting prioritization kind of exercise which I shared those results with you in the power point that I did last week.

And as we talked about maybe a way to sort of get this process of the board review started, we thought it might be instructive to run you through the same fairly brief voting in a technologically-enabled voting exercise, and then be able to sort of compare and contrast, and maybe that becomes -- I hope -- sort of a triage tool for us in terms of where we can then concentrate, given our limited time today.

Our objective, and we thought about it at our

end -- and ultimately it's where you want to go today -is to perhaps get the recommendations parsed out maybe
into three or four buckets. Four as we think about it:
those things that the board knows enough now to say go do
it; second are those that say these need more work, and
there are some in there that really require the staff to
sort of flesh out some ideas, so go do that, staff, and
then come back and tell us about it; third would be defer,
that is, we don't know enough to make a decision yet, we
may want to come back and have another workshop; and last,
no, we don't want to do that, don't do it.

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So that's kind of how we're thinking about it.

We've got four flip charts up on the wall and we'll just try to keep up with you as we go along. But this is really about you all talking to each other about what's in our report and asking us questions so that you can get to the point, along with the advice of your executive director, of deciding what's in the best interests of the agency and then timing and implementation. Julie has done some work already around implementation timelines and key recommendations which she'll also be sharing with you today.

So that's our plan, but keep me honest and keep me on task. As Laura said, if I start running down rabbit trails, yank the chain and pull me back.

1	MS. RYAN: We actually have a gavel.
2	MR. EISENLOHR: Don't hit me with it.
3	Ms. RYAN: Oh, no, no.
4	(General talking and laughter.)
5	MR. EISENLOHR: So I'm going to pass out these
6	little keypads and we're just going to jump right into
7	this. Only board members, please, because Ed has already
8	had a chance to vote so his votes are already accounted
9	for. And I'm going to jump right to this.
10	MS. JOHNSON: What is this?
11	MS. RYAN: This is a voting pad. This is the
12	way our information is tallied.
13	MR. WALKER: David, am I going to need to read
14	anything on that board down there?
15	MS. JOHNSON: Yes, because I can't see it
16	either.
17	MR. EISENLOHR: It's going to be bigger than
18	this.
19	MR. VANDERGRIFF: I want to make sure and jump
20	in, as the Chief and Laura discussed a few minutes ago, is
21	that we're actually not doing a vote, we are tallying
22	priorities.
23	MR. EISENLOHR: You're giving us a sense of
24	your priorities, it's not a vote. You're right.
25	Can you read that, Mr. Walker?

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MR. WALKER: I can read that.

MR. EISENLOHR: Cheryl, can you read that?

MS. JOHNSON: Yes.

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MR. EISENLOHR: So the first thing we're going to do is just make sure the system works, so nothing that we're doing right now is actually tallying anything, it's just making sure that all of the keypads are registered.

This is the receiver right here. You don't need to lean on the button, just kind of give it a little click. And so I'm going to run through a demo just so you'll see the process, so I need everybody to vote number 1. If you want to vote number 1, just press number 1 on your keypad. So what you're going to see is a blue bar and numbers popping up. I forgot to tell you something about the numbers. Each of your keypads has a number on the back of it. I don't know who has what, this is anonymous. If you don't believe me, swap keypads, I don't care. But if you see your number up there it means it hasn't registered yours yet, so you can vote until it registers.

MS. JOHNSON: So when it's blank we've all voted.

MR. EISENLOHR: Correct. So we've moved on to the next demo. Everybody show me that you can find 9 on your keypad and punch 9. So 167 and 170 still haven't

hit. There you go. Pretty easy. Right?

Okay. So here's what you're about to see. In your document there are 24 we call them opportunities. You are going to vote on those twice. The first vote is impact. So the question will be: In your opinion, will implementation of this recommendation beneficially impact the agency in terms of achieving this vision of retail-oriented, nimble, customer-centric service delivery? That's number one. So that's future, will it help us get where we want to go.

The second one -- and you're going to see them all in the same sequence -- is: How capable are we of doing this, in your judgment, today? So we're going to get a two-by-two plot, impact versus capability, and how that scatter falls may tell us what we: A) ought to do, and B) where we may need resources. If it's high impact, low capability, then how we do close the capability gap.

MR. INGRAM: I'm sorry. So the capability based on our current resources, based on our current setup, based on as we are?

MR. EISENLOHR: Correct, today, right. And all of those things, just your own assessment however you want to assess, whether it's people, whether it's facilities, whether it's technology, culture, any of those things.

MR. INGRAM: It's as we are now.

MR. EISENLOHR: As we are today. The first one is will this get us to where we want to go, and the second one is are we capable of doing that today. And if the answer is we're capable, great.

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I have printed out what the staff did. I don't want to bias you so I'll show it to you afterwards.

Let me make you aware of one more thing.

You're actually only going to see 23 recommendations.

Why? Because I added one between draft and final, but for the system to work for me to do comparisons, the data sets have got to be the same. The one that's in there that's not on here is we recommended creation of an Office of Strategic Planning and Policy that was not in the draft that the staff saw. So you're seeing the exact thing that the staff saw to enable us to be able to do these side-by-side comparisons. Okay?

So we're going to begin votes now. And these are in the order that they appear in the report, so at the top: To what extent will implementation of this recommendation positively impact Texas DMV's efforts to become more retail-oriented? And so the first recommendation we made is you really need a good strategic plan, so if you think that will have a highly positive impact, you'd vote 9, if you think it's worthless, it will have no impact at all, you'd vote 1.

MR. RODRIGUEZ: So I understand this, if we all rank this high, at the end of this you're going to tell us you agree with us.

MR. EISENLOHR: Pardon me?

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MR. RODRIGUEZ: If we rank this as high as you do, and we rank it similarly by indicating through this process, then basically at the end of today you're going to tell us this is what you all think. My point is we contracted for a study. It seems to me that the study is still ongoing when we're doing this.

MR. EISENLOHR: What I'm really getting at,
Chief, it's going to inform us. We've made our
recommendations and so in order to get a consensus around
what it is the board is now going to direct the staff to
do, so I'm trying to help build consensus on the board
around this set of recommendations. And the reason, in my
mind, for the comparison is that you have some opportunity
to then have a dialogue with the executive director where
perhaps the board sees something as highly important or
impactful and the staff sees it less so, to engage in some
conversation about that before committing -- really
without any kind of conversation or thinking about it, to
just implement whatever the consultant says. I don't
think you want to implement anything the consultant says
without thinking about it, so this is the thinking about

it part. Does that make sense?

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MS. RYAN: Their recommendations they did this with the staff, and in my opinion, there's some things that are important to me that I would like to see on the board that are not, from the tallying of the feedback of the directors, as important to them. Since I am only one opinion on the board, one of the thoughts was that the board should come to consensus on this is our one, two, three, four and five priorities out of all 23 of these.

on schedule so maybe we can move through this quickly -that by pushing the button it would be a real quick way to
automatically gather together our feedback so that when
we're done it's going to show on a chart here's priority
ranked 1 through 23 what the board says, and then we say,
okay, these are the things that are important. And
really, we won't do a whole lot with it at that point. We
were trying to come up with a way to quickly get an
opinion of the board.

MS. JOHNSON: And so in essence, if we say 1 that's a no, if we say 9 that's a yes, if we're kind of in the middle of the road a 5 would be appropriate.

MR. EISENLOHR: Correct. That's fine. I want to make sure everybody is comfortable with the process. It will go quickly once we go. So vote 1 to 9: Would

adopting a new strategic plan, a comprehensive strategic plan -- which we talked about in the report -- as opposed to the fairly narrow one you have now, have a positive impact on moving the agency forwards?

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Strategic management system, so that's saying take that strategic plan and then design management processes around it, so performance measures, performance management, making sure that the departmental plans line up to that and they're driving towards with a strategic plan. Would that have a positive impact, and if so, how much? It's all about execution. And Wendy would execute me if I didn't say execution.

So you can see we're kind of drilling down, we're in the strategy section right now. This is executive accountability. So the recommendations say make sure that you have given the executive director a set of performance goals and measures that he can use to calibrate his own performance and that of the agency. Would that be a positive impact, and if so, how much, to move you in the direction that you say you want to go?

Strategic communications. So we propose that you develop and implement a strategic communications plan, that as you begin to change the way you do business, you need a plan how do you communicate that new vision up and down the organization, to your stakeholders, to the

legislature, to whoever you need to talk to. And if you had that, would it be a positive impact or no impact at all, or somewhere in between?

You're seeing a progress bar, by the way, down here, so as we get each one of these 23 done, you'll see that increment up.

(General talking.)

2.3

MR. EISENLOHR: Board visibility. So what we said in the report was, and we recommended a number of specific steps for the staff to take to make sure that the board has insight into what it is that the agency does. We talked about periodic workshops, topical kinds of discussions, but raise the level of board visibility into the operations which is different -- we're going to talk about governance in a second -- from saying let the board run everything inside the agency but understand it, be able to see it, understand it.

Performance goals. Establish and communicate board-specific performance goals for the executive director and department.

Board governance. This is saying develop a written document, and we described a particular model in the report called policy governance, but the rules of the road: what's the board's role, what's the staff's role, sort of what are our spheres of influence, those kinds of

things, write it down.

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We said you should consider creating a transportation PMO, Program Management Office. What we said here is that there are a number of initiatives that are going on within the organization right now that aren't as well coordinated with one another as we think they could be. The old Vision 21 is one, now Texas DMV Automation Project, there are various department policies and procedures development initiatives, you're about to integrate Oversize/Overweight, those things. We're saying put some structure around managing those large crosscutting kinds of projects and sort of tie them together under the next one, standardized tools.

So have a set of methodologies and a process around managing those big internal projects, reporting on them, tracking progress, advising the board when you reach certain milestones, those kinds of things.

We're now in the section of the recommendations that we call systems processes, so we're off of strategy and into systems and processes now. So we said provide accelerators, and that was just kind of a convenient term to say that means make sure you've got the right people on these projects. If you need to go out and be able to quickly on a just-in-time basis get external expertise and resources to apply to some of these transformation

initiatives, do that. And we made some specific recommendations on how to go about doing that around providing a pool of expertise external to the agency.

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Internal administrative technology. So this is saying fix the internal management systems, the purchasing system, the financial system, the HR system. The systems that the agency is operating with right now are old, legacy systems, green screen kind of stuff, and in some cases there are no systems, for example, the purchasing process is completely manual, so it's sort of fix that internal backbone.

Consolidate and co-locate the facilities. So plan for -- and that's all we said -- plan for the consolidation and co-location of DMV headquarters, divisions and personnel so you're not scattered now in three places in Austin.

Incorporate best practices. What this is saying is we've got a whole bunch of really good ideas, some of which apply, some of which are already being done, some of which are not, through that industry research and expert panel that we did. So this is a take a look at those, and where there are good ideas out there and you can adapt them to be useful here, do it.

This is develop the Texas DMV brand. So as you begin to achieve the goal of being retail-oriented,

customer-centric, what Mr. Serna talks about being the non-DMV DMV and breaking down the stereotypes, brand yourself and let people know through your public outreach efforts. So brand yourself as sort of the new DMV.

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Reorganize the department. So we put in a fairly significant recommended re-organizational structure that created a deputy over sort of all the line operations, has the chief financial officer, the chief technology officer, the chief information officer, chief personnel officer reporting to the executive director, and dramatically reducing the number of direct reports to the executive director from about 16 to 8, cut in half.

MR. WALKER: So you're saying add.

MR. EISENLOHR: There is a new position, yes, sir.

MR. WALKER: Always talking about adding more leadership.

MR. EISENLOHR: We did add a position, yes, sir, a deputy executive director, and organized it to be between the executive director and the main what we call customer-facing divisions. But we also took out another division director in lieu of that, what's called Administrative Services now.

This one we said create an account management business model. So the idea here basically -- and this is

probably the most complex of the recommendations -- is start looking to how you have your customer-facing organizations around their customers and major accounts. So that if I'm a major account, however it's ultimately defined, a large auto dealer group, a large trucking company, a small trucking company, I know who my account manager is at DMV.

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So the idea would be, for example, I'll talk about tax assessor-collectors, so the idea would be that there would be in the DMV somewhere a market stratification of the various tax assessor-collectors' offices based on size or need or some yet to be structure, and a person named as each tax assessor-collector's account manager. Now, that person is going to have three, four, five, six accounts that they're responsible for, and then when you have an issue in your office, I know who my account manager is at DMV and they're my problem-solver. That's the idea.

MS. JOHNSON: But we already have that as tax collectors, so we'd want to vote low. So if we feel that that's something that's in place?

MR. EISENLOHR: Laura is trying to keep me moving, but I guess that I would ask that you not necessarily just vote your parochial interests because I would say that the motor vehicle guys would probably not

say, for example, the big dealer groups, do I have a 1 person that really owns my business and is my 2 3 troubleshooter and my point of contact. MS. RYAN: And we want to vote as it supports 4 against the retail-oriented goals that we've set up as an 5 6 agency. 7 MR. WALKER: You've already answered that 8 question in your report, though. MR. EISENLOHR: This was our recommendation, 9 but it doesn't mean you have to like it. 10 Fill leadership vacancies. So there are 11 several that we identified in the report that are at 12 13 leadership levels that have been vacant and/or are moved as a result of this. We're saying fill it, move quickly, 14 15 you can't do some of these things without the proper 16 leadership in place. 17 MR. WALKER: Are we going to address any of these on a directed basis? 18 19 MR. EISENLOHR: Sure. MR. WALKER: This point right here, I'm not 20 real sure I agree with your understanding. 21 22 MR. EISENLOHR: Which one, this one right here? MR. WALKER: Yes. Are we going to discuss this 2.3 24 later? 25 MR. EISENLOHR: What I'm trying to do is,

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again, sort of triage so we can zero in on the ones we need to spend time on.

MR. WALKER: I gotcha.

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MR. EISENLOHR: So this one is saying fix the recruitment/selection process. The hiring process is very slow, the symptom of that is some key vacancies in the direct line divisions have been vacant and remain vacant, and so this is just a process improvement recommendation.

(General talking and laughter.)

MR. EISENLOHR: So we're now into the people or the skills section of the report. We said you need a competency model -- that is, invest the time and the energy in saying what does competency look like, what are the key attributes and skills and capabilities need in the executive ranks, in the professional ranks, in the support ranks, and then build your HR models around them. So how do you evaluate, how do you reward, how do you select, all of those kinds of things. You drive them to the competencies that you need to be a retail-oriented organization, would that be a good idea.

Talent management. This is a number of initiatives around how you build your workforce, develop succession planning, talent management, that's how do we recruit -- not the recruitment process but what do we look for based on the competency model to build the talented

workforce that we need. Succession planning is a key part of that.

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Leadership academy. This is train your leaders, train the people that are likely to rise through that succession management process into leadership roles. To the extent that they need leadership competencies, give them an opportunity to gain those.

Then we're down to the last two. We made a number of recommendations kind of based on feedback we got from the stakeholders around being anticipatory about what customers are needing. So we talked in there about things like mystery shopping, as an example, customer surveying on a regular basis and really monitoring satisfaction levels.

And then this is the last one, cultural change. We said commit to a long-term program of managed cultural change. Remember that we said that the current culture is kind of hierarchical and not really managed, kind of all over the map in the organization. And we adopted -- or we didn't adopt -- the executive staff proposed a culture that's a little more entrepreneurial, with a little more staff development focus. And we said, Great, that's it, spend time managing the organization to that culture.

So now you've seen all the recommendations. You're going to see them again, and this one should go

faster since you know what they are. You've told me now what you think will be impactful to the agency's future and how much, now it's how well are we doing today. So we call that current capabilities. We don't need to demo it again, it's going to look the same. The scale is about the same, it's a 1-to-9 scale, from our capabilities are practically perfect, we could do this, we've got everything we need to do it, to we don't have any capability at all today to do this. Clear?

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MR. INGRAM: Not that we are doing it or that we aren't doing it, it's whether we have the ability of doing it?

MR. EISENLOHR: Correct, whether you believe if we adopt this recommendation, can we do it, can we pull it off.

MR. INGRAM: I'm sorry to belabor this, but a lot of the things that are points are filling roles, filling positions and things like that. Well, our ability to do it, in a way, is relevant to whether we fill those roles.

MR. EISENLOHR: You're right. So the thinking here is if we wind up with low capability scores, then we're going to talk about why is it low, what makes you say it's low, and so there's some interplay here. So maybe it's well, we don't have the right people on the

bus, well, maybe that means fill those leadership 1 positions. Does that make sense? I think you're over-2 3 thinking it a little bit. MR. INGRAM: Okay. 4 WENDY: I don't think all the opportunities are 5 6 hanging on filling those. 7 MR. EISENLOHR: Well, that's right, but some 8 might be. So here we go, same order. How do you assess 9 10 the agency's capability currently today to develop a really robust strategic plan, over and above that required 11 by the LBB. 12 13 MR. VANDERGRIFF: And are you're talking Texas DMV, you're talking how do we assess staff or staff and 14 board? 15 16 MR. EISENLOHR: The agency as a whole. 17 (General talking and laughter.) MR. EISENLOHR: How about then taking that 18 19 strategic plan and then turning it into a real management tool, execute against it. 20 How do you assess the organization's current 21 22 capability to make sure that everybody owns and is accountable for the results that they're assigned under 2.3 24 the strategic plan?

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How do you assess the current capability within

DMV to develop and implement a strategic communications 1 plan/program? 2 3 I'm not going to read these to you. If you've got a question, ask me. 4 (Pause while board members are voting.) 5 6 MS. JOHNSON: I'm still trying to decide, I just keep reading the question. 7 MR. EISENLOHR: In this particular case it's 8 the board's job to set the executive director's authority. 9 10 MS. JOHNSON: I'm struggling because the need versus the agency's strength conflict in my view. 11 MR. EISENLOHR: You kind of have to put 12 13 blinders on and needing to do it and being capable of doing are two separate things. 14 15 MS. JOHNSON: And this is capability. 16 MR. EISENLOHR: And being capable, saying it's 17 not capable isn't necessarily condemnation, it's a we may need help here. 18 19 (Pause while board members are voting.) MR. INGRAM: Can you go over that question 20 again, just a clarification? 21 MR. EISENLOHR: So the accelerators idea is 22 make sure that on these program teams that are out there 2.3 24 right now is make sure you've got the right people on

those teams, pick your best and brightest from within the

organization and assign them, and also have external resources available to you really on kind of a pool basis to apply on a just-in-time basis when you need them. In other words, don't make getting the talent and the resources the stumbling block to moving the initiatives forward.

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This is ERP, basically the software backbone to run the agency. There's a statewide initiative on that, by the way. This is facilities.

(Pause while board members are voting.)

MR. EISENLOHR: Last one.

(General talking and laughter.)

MR. EISENLOHR: So here's the scatter plot. So just really, really quickly, what you've said is all 23 of the recommendations that you thought would have high -- high defined as above the midpoint -- beneficial impact on the organization. And I'll show you another way to look at this in a second. The most impactful of those, you believe as a group, is this idea of executive accountability, holding the executive team accountable for specific -- and that's an important point -- for specific goals and objectives that you give them that you tell them they need done.

Oh, by the way, for what it's worth, if you see a little minus there in front of the label, it means the

system adjusted the label for legibility sake, so they're 1 a little off but not that much. 3 The least is this idea of creating a program management structure, but all of them -- I'm looking at 4 this dimension -- impact are high is what you've said. 5 6 You're less sanguine -- if that's the word -about the capability to do this. I'm going to pass out 7 8 this same scatter plot from when we did this with the staff. 9 10 MS. JOHNSON: So this includes capability as well as desire? 11 12 MR. EISENLOHR: It does. So capability is 13 along the horizontal, so reading from top to bottom is impact, reading from left to right is capability. So this 14 15 is low, this is high, this is low, this is high. I should have explained that. 16 So you said here that creation of the 17 leadership academy is probably the lowest in terms of 18 19 current --20 When we get to that point, we won't MS. RYAN: get to all 23 but our top five bullet points. 21

five of the agency, and then I don't know how much we'll get to decision-making on priorities.

MR. EISENLOHR: That's what's next.

MS. RYAN: And then on the second half the top

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MR. EISENLOHR: So I'll just go ahead and do that. I'm looking at impact now and I'm going to sort them high to low. So now I know you won't be able to read these in the back of the room, but the first context is important, you said they're all high impact. What are the highest ones in the board's voting? They are ensuring executive accountability, having a strategic plan, measurable goals and directives for the executive director, strategic communications, and a strategic management plan.

MS. JOHNSON: I missed one.

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MR. EISENLOHR: Executive accountability first, strategic plan second, measurable performance goals third, a strategic communications plan fourth, and strategic management system, that is all the things that go around lining up how you plan and budget and so forth to a strategic plan.

The least impactful, again in the context of all high impact, are bottom up: creation of the program management office, implementing an account management business model, developing a leadership academy, branding, and improved board visibility into the operations. Those are the five that you said are the least important to you.

MR. WALKER: This is of the staff?

MR. EISENLOHR: The handout that I gave you is

how the staff voted. And I can show you real quick how 1 those compare. So the dark blue bars are you, the light blue bars are how the staff voted the same items. 3 So these are where your gaps are, and there's, frankly, some 4 pretty significant differences, but again I've got to put 5 6 it in context, this is all about sequencing and priority 7 because the staff too, as you can see from their scatter 8 plot, with the exception of three of the 23, said they were all high impact, which is what you said. 9 10 Yes, sir? MR. RODRIGUEZ: If you look at the handout on 11 page 6-10, that's where they're all numbered. 12

MR. EISENLOHR: Yes, they're all in there. Is that what you're saying?

MR. RODRIGUEZ: Yes. You've listed them here in this report, 1 through 20-something. Right?

MR. EISENLOHR: Yes, sir, that's correct. But that's not necessarily the order they're in.

MR. RODRIGUEZ: Right. And that's what I want to do now.

(General talking.)

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 $$\operatorname{MR.}$ EISENLOHR: Every recommendation has a number from 1 to 23.

MR. WALKER: Can you just tell me where the board and where the staff are so far apart, the biggest

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one up there? 1 MR. EISENLOHR: Which one are you looking at, 2 3 right here? MR. WALKER: Yes. 4 MR. EISENLOHR: That is administrative 5 6 technology. So when we did this with the staff, the 7 highest impact recommendation in the staff's judgment --8 and it was, again, a collective process -- was getting the backbone administrative systems, HR, finance, payroll, 9 10 purchasing, all of those things, modernized. That came out first. 11 12 MR. WALKER: Well, this is important. 13 saying that they believe that we're not getting it done and we believe that we are getting it done? 14 15 MR. EISENLOHR: No. What you're saying is that 16 in the context of trying to transform the agency into this 17 retail-oriented, customer-focused model, you're saying that's less important than the staff is saying. It's not 18 19 a good/bad, it's impact. 20 MR. INGRAM: Sorry. The light blue bars are us? 21 MR. EISENLOHR: No. You're dark blue. 22 Oh, wait a minute. 2.3

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MR. EISENLOHR: I did. Let me do it again.

MR. WALKER: You said it wrong.

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I'm sorry. I think I did make a mistake. 1 2 (General talking.) 3 MS. RYAN: And maybe what we'll try to do is get our framework laid out, not necessarily all the 4 understanding. 5 6 MR. EISENLOHR: Almost all of these are in the strategy section, so strategic plan is number one, 7 executive accountability is I don't know what number was 8 that. Strategic plan was number one. 9 10 MR. RODRIGUEZ: Strategic plan. MR. EISENLOHR: It corresponds to number one in 11 12 that report, yes, sir. 13 MR. RODRIGUEZ: And this is number two here. MR. EISENLOHR: Two on your list, yes, sir. 14 15 MR. RODRIGUEZ: Number three? 16 MR. EISENLOHR: Performance goals and 17 objectives. That's also in the strategy, the balance scorecard piece. Recommendation number six is your 18 19 priority number three. That's what you're trying to get to, right, Chief? Strategic communication is number four. 20 That's also in the strategy section. 21 MR. RUSH: Can I ask you a question? Can't you 22 print that for us in comparison to what's in the book? 2.3 24 MR. EISENLOHR: I can't do it right now. 25 MR. RUSH: No, no. But I mean, can't you do

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that.

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MS. RYAN: All we need right now is the top five and then you can get us later the full detail because what we'll need is to spend more time on it.

But really what this says, in my opinion, if I can sum it up, David -- feel free to correct me -- is that what we're looking for as a board as a consensus those are the top five things that: one, are important to us that are out of the recommendations; and two, we're saying that we believe the agency, inclusive of ourselves, have the ability to get them implemented, that we can execute on those, it may be hard work. And then the ones that are the least important to us and/or we don't have the ability to quickly implement.

And then the agency leadership did the same. There's definitely a conflict in what agency leadership believes is important and what the agency has the ability to do and what we want. In order to implement anything, the first thing we have to do is identify that gap and at some point -- we probably won't fix it today -- we'll have to give it some thought and say okay, we can make the priorities ours but we then have to understand the disconnect on why agency leadership didn't.

MR. EISENLOHR: Yes, but I want to quibble with you just a little bit. Okay? Because both of you said

virtually all of these -- in the case of the staff, 20 out 1 of 23 -- were important. 3 MS. RYAN: But from our standpoint to get things done, what we're trying to do is put it in order. 4 MR. EISENLOHR: I understand. 5 6 MS. JOHNSON: But I think it is important, especially if you're trying to get us to the point that 7 8 we're establishing goals, the significance of that to know the difference between what staff thinks and we think I 9 10 think is important, and I'm not understanding this at all. MS. RYAN: Well, what I'm trying to get away 11 from, David, is the slide because I think it's confusing. 12 13 I think Victor does have a point that you've given us this book that we're familiar with, we do need to 14 15 understand where we prioritized and where the agency 16 prioritized so that we can see those gaps. 17 MR. EISENLOHR: Would seeing it in hard copy for the staff help? 18 19 MS. RYAN: Yes. We can put ours underneath. MR. EISENLOHR: Just a different order? 20 MR. RODRIGUEZ: I think everyone has a sense of 21 22 what I want to do with this, and rather than hold us up 2.3 again, we can move on. 24 MR. EISENLOHR: I don't want this technology to get in the way of being too distracting, and I think 25

that's where we are. 1 2 (General talking.) MR. VANDERGRIFF: David, can you take control? 3 MR. EISENLOHR: I'm going to try. So I think 4 what you wanted to do now that you have the staff's, I'm 5 6 going to read them off to you and you can number 7 underneath there where your priorities were. Does that make sense? 8 MR. INGRAM: I think a clarification, David, is 9 10 the order that's in the book has nothing to do with the order. 11 MR. EISENLOHR: That's correct, and you 12 13 wouldn't expect it to. MR. INGRAM: I'm just trying to make that 14 point, the book order has nothing to do with it. 15 16 MR. EISENLOHR: There is logic to the 17 organization in the book but now I'm asking you to prioritize it. 18 19 So here's your priorities: executive accountability --20 MS. JOHNSON: But wait a minute. Now we've got 21 to find it in here. 22 (General talking.) 2.3 24 MR. EISENLOHR: Do you want to know what the 25 staff's top five are? Is that what you're asking me?

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MS. RYAN: David, again, I asked if you're 1 ready for this. 2 3 MR. EISENLOHR: I'm ready but I'm getting about five different directions. 4 5 MS. RYAN: I think we have what we need now. 6 MR. VANDERGRIFF: Brett would like to say something. 7 8 MR. BRAY: I apologize and I don't want to interrupt your flow and I know this is hard, but I do want 9 10 to just point out to you that this is being transcribed and the court reporter is trying to take it down and it's 11 becoming increasingly difficult. 12 MR. EISENLOHR: Thank you. 13 MR. VANDERGRIFF: I didn't articulate that very 14 15 well. 16 MR. EISENLOHR: And I apologize, so let me just 17 ask what's your pleasure, because apparently the graphic that I showed was confusing and this is hard to read. 18 19 We've got your top five, so how can I help you focus on the top five? Are you interested in where that fell with 20 respect to the staff's priorities? 21 MR. RUSH: We've got the staff here. 22 If you could tell us our top five, we could write in the numbers. 2.3 24 MR. EISENLOHR: I can do that. 25 MS. RYAN: What color is executive

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accountability on this bar chart, what color am I looking for?

2.3

MR. VANDERGRIFF: I don't want to disrupt anybody's thought process here, but I think you've got to get to something that we can actually read and look at which appears to be the book that we can actually see. The charts are good but the problem is kind of going back and forth.

 $$\operatorname{MR}.$ EISENLOHR: Help me understand what it is that you want to see.

MR. VANDERGRIFF: I think what people wanted earlier, if I understood it correctly, was to take those five and figure out where they were in the book. That seems to be what people are focused on, they get that. It's harder to make out the colors because either you focus on the colors or you focus on the wording below that you can't read.

MR. EISENLOHR: I understand. I think the question we were trying to respond to is how does that stack up against where the staff ranked them.

MR. VANDERGRIFF: So I'm think that perhaps the top five in writing might be helpful.

MR. EISENLOHR: I can give you the top five from the staff: administrative technology, improvement of the recruitment process, culture change, strategic plan,

executive accountability.

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MR. RUSH: But that wasn't in numerical order, was it?

(General talking.)

MR. VANDERGRIFF: I know this is a workshop so it's a little different, but basically she's going to have to record mumbling. If you've got a point you want the whole group to hear when you're talking, talk up louder so that she can get that on the recorder. Can we do that? Right now I hear Board Members Rush and Walker talking, and that's fine, that's the mumbling I just referred to, but if you've got a point you want all of us to hear, talk up.

MS. RYAN: And we can change this, but the thought was what we wanted to get was the board's consensus on the priorities. We still have some work to do regarding the gaps, we understand the gaps. My question would be is there any more discussion or understanding that we would need around our top five priorities. Are those what's important to us? And if we're in agreement, we can probably move on, that we have what we need and we need to move on to another area to set the framework. Because again, all the goal was of today was to keep us on track to get the framework -- which I think we have. We have some work to do now.

So with regard to the five that we set as a board, are we: one, in agreement, and two, is there anything that we would need to discuss from a framework standpoint.

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MR. INGRAM: I guess my point that we've come up with this voting system, we've come up with a consensus among the board. Mostly I agree completely with the five, but there is one particular thing that's missing for me, and so I'm curious how to proceed with that. I don't want to invalidate the results of the polling that we did.

MR. EISENLOHR: As Laura said when we started this, the polling was just to give you kind of a snapshot of where you were. We want to talk about whatever you want to talk about to get to this idea. And so if I've gotten us too knotted up around what the system is doing, rather than focusing on what Laura is point out, what's important to us, then let's talk about what's important to you.

MR. VANDERGRIFF: Can I ask a question first?

One thing that's hard, I think, at least for me

personally, is in trying to go back and forth to find the

23 or the 24 -- one the staff didn't consider so the 23 -
what's in the books that we have? Is there a best page

where we can get all 23 on one page that we can see?

Because that would help us, in my opinion, discuss.

MR. EISENLOHR: It's not on one page but it is 1 in the very last chapter. 2 MR. VANDERGRIFF: Okay. Because I know it goes 3 for quite some length. 4 MR. EISENLOHR: So there is in the 5 6 implementation chapter. 7 MR. VANDERGRIFF: Well, I understand but it 8 goes along, it's hard to visualize so you can see all of it. 9 10 MR. EISENLOHR: Yes. I'm going to have to 11 project it but I do. 12 MS. RYAN: I don't think it helps if it's 13 projected, does it? MR. WALKER: So we don't micro-manage this 14 15 thing and tear it apart -- we'll be here all day long in 16 the direction we're headed, I think -- what you need to do is you're a professional, you're paid to come in here and 17 give us some thoughts and ideas about where we are, where 18 19 we need to go to, and where the board thinks we need to go 20 to. MR. EISENLOHR: Yes, sir. 21 22 MR. WALKER: And so we can sit here and comment amongst ourselves all day long. Obviously I can look at 2.3 24 your deal. I can go to the bookstore and buy a book and

come up with almost the exact same explanations up here on

management if you an come up with those kind of accountability deals. And you're going to see, obviously, that the management thinks executive accountability is going to be an important issue and staff may not think that. My employees may not think that working until five o'clock on Fridays is important but it is to management because the customer needs to still be serviced on Friday at five o'clock. Am I making sense to you?

MR. EISENLOHR: Yes, sir.

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MR. WALKER: So we're never going to get exactly together, so what you need to do is just summarize the results of what we're trying to get to right here, I think.

MR. EISENLOHR: Well, Mr. Walker, I did that in the last meeting.

MR. WALKER: Okay, I'm sorry, I wasn't here.

MR. EISENLOHR: So I guess I'm clearly struggling to do is find a way for you all to talk to each other around what of my suggestions to you are the things that you want to move on versus not move on versus study further. That was sort of our goal for today. And so I hoped that sort of doing this side-by-side exercise would sort of help frame that, but it appears not to be.

MR. INGRAM: Well, could I just present a thought is that we have our top five as a consensus as a

group, that if any of us on the board has something unique or special that's not in the five now might be a good time to just bring that up, and then if there's anything in five that you think shouldn't be there, that would also be a good time to bring it up, but then let's move on.

So I'll start, since I brought this up, is that the whole thought concept of a TPMO did not appear in our top five.

MR. EISENLOHR: Correct.

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MR. INGRAM: I'm not sure where it fell.

MR. EISENLOHR: It was in the bottom five.

MR. INGRAM: That's right. It was not considered by the board to be highly impactful.

MS. RYAN: One of the other recommendations that has been discussed with that is the strategic office, and that's in there two. They're two separate thought processes in the recommendations but in some ways, to me, they may be similar, and to me, when we get to the point of a strategic plan, strategic plan implementation to me was we need some form of a strategic planning office that helps then execute, and to me, the project management office would kind of be a spinoff, at least in my mind, of that. And that kind of falls in the strategic plan and structure and a couple of other things.

MR. INGRAM: So your concept is our number two

goal is the strategic plan would accomplish having 1 something as a spinoff in that area. 2 3 MS. RYAN: And strategic planning is one of the key frameworks we want to try to get to today, and how we 4 execute it would either come with the PMO and the 5 6 strategic office if we think, or how would we execute it and create it. So it's all under strategic planning. 7 8 MR. INGRAM: So it's part of your execution of 9 plan. 10 MS. RYAN: That's what I was thinking. 11 that doesn't make it right. MR. EISENLOHR: And that's how we intended it, 12 13 yes, sir. MS. JOHNSON: So it is up there under strategic 14 15 plans. 16 MR. INGRAM: Got it. That's my only question on the five. 17 MR. VANDERGRIFF: If I could not a couple of 18 19 things, just ask this question. It's like between us and the staff we agreed on two of the five, top five. 20 Strategic communications and strategic management for us 21 22 were very important. And I'm asking this as a question, in the staff's mind on that it would almost seem like 2.3 24 these would be more of a given, that you've got to have a

plan, going along what you said, you evolve into

communications and management. So that leaves a difference perhaps, and I think it's important, of the board believes it's number three top priority the performance goals which was recommended seven in the book, but the staff -- and I think I do understand, and again, I'll look for you and Ed to direct me if I'm wrong -- they believe in order to do anything you've got to have the proper technology. And some of the stuff is inadequate, in some cases woefully inadequate to deliver on some of the measure of what we've talked about because of technology.

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And we know that there is a serious issue in some areas for staff getting people in and so that's something perhaps that's weighing on people's mind. But I actually find it encouraging and somewhat instructive that they believe that the culture change is important. It's got to come from the bottom up versus the top down in terms of dictation, and I'm hearing that, that they at least recognize that.

MR. EISENLOHR: I think that's right. And I would rather Ed speak to how he reads what his staff said, but as I listened to them, and having had them, Mr. Chairman, in a workshop where we spent half a day working with the executive team around culture, they say that it needs to change, number one, and they say that's not going

to happen just by us saying it needs to change but we have 1 to work on it and we have to manage it. So I think that 3 that's why that manage cultural change opportunity rose in the staff's mind in their ranking. 4 Mr. Serna, I don't know if you want to speak to 5 6 that. 7 MR. VANDERGRIFF: If I can ask one last point. MR. EISENLOHR: Sure. 8 9

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MR. VANDERGRIFF: Is it not important, when you're defining goals and objectives for an organization from a policy perspective, is also to acknowledge what the people in your company say they need in order to get where you say you want to go? So don't we need to like kind of look at the two? I mean, I understand we need to put our top five, but on the other hand, you've got the exercise going, how does that fit, isn't that not important?

MR. EISENLOHR: I'm sorry, I'm not sure I understand.

MR. VANDERGRIFF: Is it not important to mesh up with the staff is looking at? If we both acquiesce at the top of this so-called retail -- which I'd love to know everybody's definition of that --

MR. EISENLOHR: So would the staff.

MR. VANDERGRIFF: Yes, us as well, but that's what I mean by everybody, them and us both. But if that's

up there and they're saying these are the five things we need to get there.

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MR. EISENLOHR: I'm going to try to answer your question, and if I haven't been responsive, force me to be. I think, yes, the board should make those decisions as to what's important with the professional input of the staff, but I think it's ultimately the board's decision.

MS. RYAN: I would also add that we have executive leadership accountability, and I would think that some of those 23 things would fall under -- I mean, honestly, getting the system is Ed's job, I think. So one of our performance measures may be to say: Mr. Executive Director, you need to be responsive to the culture of your employees, and if they're telling you they need this and they've assessed it, our accountability and performance measure will be that you either tell us what resources you need so that we can provide them, but that you get them what they need to reach those goals.

So I think we capture multiples of those 23 competencies under our five areas, in my head, and I may be wrong. Does that make any sense?

MR. INGRAM: I think that's accurate.

MS. RYAN: I could be wrong.

MR. INGRAM: No, it's not that I disagree with it at all. I just think that to Victor's point is that

we, as a board, need to be at least cognizant of the five of the staff because we need buy-in from the staff, and so we certainly need to be cognizant.

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MS. RYAN: I agree 100 percent, I just think it will need more work.

MR. RODRIGUEZ: I think we run the risk of leaving some things out if we only look at five, number one, and we get into a discussion by not factoring in some of the others and the weighting with the staff.

Number two, I think we also run the risk of forgetting the other 18 or so if we only focus on the five, and understood that we want to come back later and take up the rest. But my observation is that this study, I think, validates perhaps, at least in my case, some of the observations that I have, and I think simply what we ought to do is we have it now, I think we ought to go into executive session and talk to our executive director about implementing this plan. I think some of these things were sticking out at us before, now we have a study telling us so, why not just charge forward as opposed to picking one or two and talking about it and then showing some of this and forgetting about the rest of it.

We've got a document to work with and I think we ought to -- in my view, it confirms a lot of things that I think we were lacking and things we ought to be

doing, things we ought to be working on . The top five are certainly within the competency areas that I think some of us have made observations on. Why run the risk of paying of the study, the amount of money we did and letting it be shelved? I think we ought to implement, I think we adopt it and implement it in full, and that would be my recommendation.

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MR. INGRAM: And I don't know if I could respond to that, if you don't mind. I think, Chief, you're dead-on in the fact that all these things are important. We, I fact, ranked them all very important. And it's certainly not my intention to shelve anything or to dismiss anything, but because of the very extensive list of changes that need to be made, they have to be controlled to some degree and we have to start somewhere.

MS. JOHNSON: You can only deny for the right of the time, and so we picked the top five, a lot of these will fall under that five. As far as how you get there, I think all 23 will fall somehow, as Laura said, will somehow fall in there. But we've identified the top five, we can't do all 23 or 24 at one time, we've got to start here, and as we mince through that, we will probably pick them up. And I don't think we should ever rank them because I think every bit of it is valid.

MR. EISENLOHR: What I would say real quickly,

Cheryl, just to ratify what you're saying, a number of these in this number three goal of yours around setting goals is those other things can be pulled in under there. The point that Wendy reminds me of there's certain dependencies, there's certain things that have to happen in certain sequences. So for example, you wouldn't do your competency model until you had your strategy because that tells you then what we're trying to accomplish, so what do we need in terms of the skill sets on our staff, for example.

MS. JOHNSON: Exactly.

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MR. VANDERGRIFF: Why don't we, if we could, it might be a good time to take a ten-minute break, so we'll be in recess.

(Whereupon, a brief recess was taken.)

MR. VANDERGRIFF: We're back from recess. It is approximately ten minutes to 12:00 on the 19th.

I would like to go back to our agenda, go back to 2.A, and the executive director does have a number that he wants to give you with respect to the MOU between the Department of Transportation and the Department of Motor Vehicles.

MR. SERNA: And I apologize and let me explain again why we didn't necessarily have it available previously, let me get to the bottom line. The estimated

number of not to exceed is \$5 million. The reason that it was blank is we didn't have the instruction from the board that said -- which we appreciate very much -- that said hold to these items no matter what which put a lot more flexibility in what that number was, so from our perspective we had what we had budgeted but weren't going to necessarily put that in the contract that we threw over the fence to TxDOT from, quite frankly, a negotiating perspective. While this is a public meeting, we still feel comfortable sharing that with the board, we don't have an issue with that, but our not to exceed is \$5 million.

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The biggest number there is \$3.6 million for data center services. That is a variable that neither TxDOT nor the DMV control. We talked about this at previous board meetings where Department of Information Resources and a private vendor determine what those costs are and it's based on agency utilization, but what we're budgeting is \$3.6- for that. We will pull that out of what we pay TxDOT when we establish our own agreement with that vendor for services.

MR. WALKER: Which contract was that?

MR. SERNA: The data center services. But the bottom line number that we have here is not to exceed \$5 million.

MR. RODRIGUEZ: That is the information that 1 was lacking, Mr. Chairman. 2 3 MR. VANDERGRIFF: Yes, it is. MR. WALKER: And that takes into consideration 4 the Oversize/Overweight Division coming over? 5 6 MR. SERNA: That's in a separate MOU. MR. VANDERGRIFF: That MOU has not come before 7 8 us yet. 9 MR. WALKER: Okay. 10 MR. VANDERGRIFF: It's come before us for discussion but not for action. 11 MS. JOHNSON: I have to ask one question. 12 The 13 only thing that I'm still uncomfortable with is unless this amount is amended as provided by Section 8 which is 14 15 amendments, and I just want to ensure and have it in my mind and on the record that these amendments can only be 16 17 approved by the board. MR. SERNA: Yes, ma'am. 18 19 MS. JOHNSON: I just wanted to ensure that because it's not referenced anywhere. On page 6 it says 20 this agreement maybe amended and it will be amended by 21 22 written supplement executed by both parties, and it's referenced under the amount payable, so I wanted to be 2.3 24 sure that that was board approved.

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MR. RODRIGUEZ: There's policy already.

MR. SERNA: Yes, ma'am. We understand we 1 appreciate the clarification. 2 3 MS. JOHNSON: Okay, thank you. MR. VANDERGRIFF: Any further questions or 4 discussion? 5 6 (No response.) MR. VANDERGRIFF: We did have a motion on the 7 8 table by Board Member Rodriguez and seconded by Board Member Rush. Please raise your right hand in support of 9 the motion. 10 (A show of hands.) 11 MR. VANDERGRIFF: The motion carries 12 unanimously. 13 We're back on item 2.B, and I believe that I 14 15 want to recognize Board Member Rodriguez, I think he may 16 have a motion here. MR. RODRIGUEZ: Mr. Chairman, we've had board 17 action, we ordered a study, we had a study delivered to 18 19 us, we talked about all the 20-some recommendations made in the study. I move that we adopt the study as submitted 20 to us and then let the board work internally with the 21 22 executive director. The second part of that doesn't have to be part of the motion, so all I'm asking right now is 23 24 that we are in receipt of the study, that we adopt it.

MR. VANDERGRIFF: So we have a motion.

have a second for that? 1 MR. INGRAM: I'll second that. 2 3 MR. WALKER: Why do we need a motion to accept a study? 4 MR. VANDERGRIFF: To adopt it. 5 That's the 6 different part. 7 MS. JOHNSON: I have one concern with that. Ι 8 don't agree with everything that's in here and so I 9 couldn't support that motion because I don't agree with 10 everything that's in here, and so that blanket -- I accept the report, I absolutely accept the report. Would I 11 implement every recommendation in here? Absolutely not. 12 13 So with this motion saying we're adopting the study is saying we're accepting everything in here. If we say we 14 15 accept the study and want to move forward, absolutely. Does that make sense? I see a difference. 16 17 MR. RODRIGUEZ: I motioned, Mr. Chairman. MR. VANDERGRIFF: Do we have a second for the 18 19 motion to adopt? 20 MR. INGRAM: I made the second to adopt, and I see Cheryl's point. I think that ultimately Chief 21 22 Rodriguez's motion is not necessarily that we will adopt everything, I think that still falls under the purview of 2.3 24 the board as we work through this process, because each

item really is a process, so I don't feel like we are

over-committing ourselves to anything, but certainly, 1 Cheryl, you may feel differently on that. 2 3 MR. RODRIGUEZ: From that standpoint that's true, I would agree with that. 4 MS. JOHNSON: I'm trying to understand the 5 6 intent of the motion, if it's to say yes, we accept this. 7 MR. WALKER: No, no. I already asked the 8 question. He said it's to implement, not to accept. 9 MR. VANDERGRIFF: Adopt. 10 MS. RYAN: Adopt. We still have to work through the implementation order and what that 11 implementation of those recommendations may look like. 12 13 MS. JOHNSON: And if that's part of the motion, I could support it. 14 15 MR. INGRAM: We're not saying that we're making 16 a motion to implement all of the ideas. 17 MR. RODRIGUEZ: Just for some clarity here, we ordered a product, it's been delivered to us, we paid a 18 19 lot of money for it, I think the right thing to do is adopt it and then let us work through that, as opposed to 20 saying we ordered a product but we don't like it so we 21 22 paid money for something we're not going to buy. all I'm trying to do is cover that base and say we ordered 2.3 24 a product, the product has been delivered to us, let's

accept it today and adopt it, and then the internal

implementation on that is yet to be determined by the 1 board and the executive director. 3 MS. JOHNSON: So is your motion to adopt the study and work with it? 4 MR. INGRAM: That's his motion, but yes, that's 5 6 how I'm thinking. 7 MR. WALKER: I'm with Cheryl. First off, we 8 don't need a motion to accept something we've bought. obviously would have to have a motion to implement 9 10 something. MR. VANDERGRIFF: We're adopting and agreeing 11 to work on implementation plans which would set 12 13 priorities. MR. WALKER: Yes. There you go. 14 15 MS. RYAN: I think it says a message that this 16 confirms a lot of the things that direction-wise we want and that we're going to continue to work with it and 17 that's the implementation process. 18 19 MR. INGRAM: Right. And I think there's a lot of power behind the fact that while we may not believe in 20 ever single bullet point, we really believe in the study 21 22 and we really, really believe that this is where we need to go, and by adopting it, as Chief Rodriguez put out, it 2.3 24 really sets that out there in the public that we are

moving forward with this.

MR. WALKER: So why don't you change your 1 2 proposal to that we adopt the plan with it being 3 prioritized by the board through implementation. MR. VANDERGRIFF: An implementation plan would 4 be prioritized by the board in consultation with the 5 6 staff. 7 MR. WALKER: Yes, that's correct. MR. INGRAM: It's semantics. 8 MR. WALKER: Yes, I know, that's exactly right. 9 10 We all want the same thing. MS. RYAN: I think that's out intent anyway. 11 MR. RODRIGUEZ: I've gone on the record with 12 13 the same thing. We've ordered a product, we've paid over a half a million or so for this --14 15 MS. RYAN: Under. I'm proud to say under. 16 MR. RODRIGUEZ: -- somewhere around a half a 17 million dollars, all I'm saying is let's take receipt of this. 18 19 MR. VANDERGRIFF: The hangup is on the adopt 20 part. I think we're trying to send a 21 MS. RYAN: 22 message that we adopt the message that this organizational assessment report brought to us, we adopt that as the 2.3 24 direction of the agency as the board. We still have some

work do we do and we need to work through how do we

prioritize that.

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MR. RODRIGUEZ: And the necessity for adoption, that will be the action that will give us the strength to direct the implementation. In other words, this becomes the framework from which the board will be directing going ahead. Its adoption basically lays out the authority for the execution later on, that's all I'm saying. We could have this for weeks and figure out who's going to do what.

MR. VANDERGRIFF: We are accepting/adopting with the understanding that there will be an implementation plan to come.

MR. WALKER: Did you second it? Okay.

MR. INGRAM: Do you want to third it?

MR. WALKER: No. Let's just call for the vote.

MR. VANDERGRIFF: All those in favor please raise your right hand.

(A show of hands.)

MR. VANDERGRIFF: All those opposed.

(No response.)

MR. VANDERGRIFF: It passes unanimously.

With that, I believe the next item was to go into executive session to discuss it with our executive director, and I would ask that everyone else excuse themselves from the room.

MR. RODRIGUEZ: May I make a couple of remarks

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before we do, Mr. Chairman? 1 MR. VANDERGRIFF: Sure, please do. 2 MR. RODRIGUEZ: To Mr. Eisenlohr and to Laura, 3 I thought the study was dead-on in terms of the direction 4 that it wants to give us and we appreciate your work on 5 6 it. 7 MS. RYAN: And thanks to Julie too because we could not have done it without her. Thank you. 8 MR. RODRIGUEZ: I just wanted to thank you. 9 10 MR. VANDERGRIFF: The board will go into executive session at 12:05. 11 (Whereupon, at 12:05 p.m., the meeting was 12 13 recessed, to reconvene this same day, Friday, August 19, 2011, following conclusion of the executive session.) 14 15 MR. VANDERGRIFF: It is approximately two 16 o'clock p.m. on August 19, 2011, and the Board of the Texas Department of Motor Vehicles is now in open session. 17 We want to note that no action was taken in closed 18 19 session. 20 We have no further items on our agenda. any member of the board have anything they'd like to bring 21 22 up? (No response.) 2.3 24 MR. VANDERGRIFF: Seeing none, I would be pleased to entertain a motion to adjourn. 25

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1	MS. JOHNSON: So moved.
2	MR. RUSH: Second.
3	MR. VANDERGRIFF: We have a motion from the
4	vice chair and a second from Board Member Rush. All those
5	in favor please raise your right hand.
6	(A show of hands.)
7	MR. VANDERGRIFF: All those opposed.
8	(No response.)
9	MR. VANDERGRIFF: The motion carries.
10	(Whereupon, at 2:00 p.m., the meeting was
11	concluded.)

CERTIFICATE

MEETING OF: TxDMV Board

LOCATION: Austin, Texas

DATE: August 19, 2011

I do hereby certify that the foregoing pages, numbers 1 through 74, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

 08/25/2011 (Transcriber) (Date)

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